UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

OAKLEY, INC., Plaintiff, v. JI SHUPENG, et al., Defendants.	Case No. 16-cv-08960 **Judge Edmond E. Chang** **Magistrate Judge Jeffrey T. Gilbert**

SEALED TEMPORARY RESTRAINING ORDER

Pending are Plaintiff Oakley's *ex parte* motion for a temporary restraining order and expedited discovery, as well as motion for electronic service of process against the defendants identified in Schedule A to the Amended Complaint and attached hereto (collectively, the "Defendants") and using at least the domain names identified in Schedule A (the "Defendant Domain Names") and the online marketplace accounts identified in Schedule A (the "Online Marketplace Accounts"). After reviewing the evidence filed in support of the motions, the Court grants them as explained in this Order.

Generally stated, Plaintiff alleges that that the defendants offer to sell, and do sell, counterfeit Oakley-marked products by advertising products on websites. None of the defendants are authorized to use Oakley's various trademarks (including the name "Oakley" itself and the various forms of the word-shape "O"), yet the defendants market the products with Plaintiff's trademarks on websites.

Based on the proffered evidence, including the declarations and exhibits attached to the motion, the Court grants the motion.

Plaintiff filed the motion *ex parte* and identified the defendants in an under-seal filing because Plaintiff's primary objective is to secure a pre-judgment restraint on any of Defendants' assets that might be within the Court's authority to freeze. At the hearing, the Court did find that Plaintiff has a near-certainty likelihood of success on liability on its trademark infringement and other claims. The facts recited above are supported by the declaration of the Manager of Global Intellectual Property Protection, Erin Lewis, who oversees IP protection for Oakley as one of her duties for its parent corporation, Luxottica Group S.p.A. The facts also are supported by the exhibits attached to the declaration and the motion documenting the defendants' trademark violations (*e.g.*, screen-shots of the websites offering counterfeit products for sale using Plaintiff's trademarks). Furthermore, based on the evidence that the defendants' websites offered shipping of the counterfeit products to the United States, including Illinois, personal jurisdiction obstacle is sufficiently met at this very early stage of the litigation (though an adversarial presentation on jurisdiction would likely require a greater showing by Plaintiff).

The Court does express (as it has in prior similar cases filed by other trademark owners) its concerns over whether Plaintiff has adequately shown that pre-judgment restraint of all of the defendants' assets is warranted. The general test for obtaining a temporary restraining order starts with requiring the plaintiff to show that it will suffer immediate irreparable harm, has no adequate remedy at law, and its claims have a likelihood of success. Fed. R. Civ. P. 65(b)(1)(A); *Girl Scouts of Manitou Council v. Girl Scouts of USA*, 549 F.3d 1079, 1086-87 (7th Cir. 2008) (preliminary injunction factors). To win an *ex parte* TRO, the plaintiff must show that the immediate irreparable injury "will result to the movant before the adverse party can be heard in opposition" and that notice to the defendant should not be required. Fed. R. Civ. P. 65(b)(1)(A), (B). If the plaintiff can meet those requirements, then before issuing a TRO, the Court would still have to balance, on a sliding scale, the nature and degree of the plaintiff's injury, the likelihood of prevailing, the possible injury to the defendants if the TRO is granted, and the public interest. *Id.* Here, the factors do weigh in favor of granting the TRO as to stopping the ongoing trademark infringement, because such infringement, as well as labeling a false designation of origin, generally are presumed to cause irreparable harm. *AM General Corp. v. DaimlerChrysler Corp.*, 311 F.3d 796, 832 (7th Cir. 2002). And it is in the public interest to prevent the further duping of customers who believe they are buying genuine Oakley products.

But restraining *assets* before judgment is another matter, because federal district court's authority to do so is circumscribed: district courts generally do *not* have the authority to preliminarily restrain assets where a plaintiff seeks a money judgment. *Grupo Mexicano de Desarrollo v. Alliance Bond Fund*, 527 U.S. 308, 331 (1999). The Supreme Court explained that courts sitting in equity traditionally did not have that expansive power, and allowing creditors to pursue prejudgment restraints would disrupt the long-standing law governing creditors and debtors:

> More importantly, by adding, through judicial fiat, a new and powerful weapon to the creditor's arsenal, the new rule could radically alter the balance between debtor's and creditor's rights which has been developed over centuries through many laws-including those relating to bankruptcy, fraudulent conveyances, and preferences. Because any rational creditor would want to protect his investment, such a remedy might induce creditors to engage in a "race to the courthouse" in cases involving insolvent or near-insolvent debtors, which might prove financially fatal to the struggling debtor.

527 U.S. at 331; *see also Klipsch Group, Inc. v. Big Box Store, Ltd.*, 2012 WL 5265727, at *5-6 (S.D.N.Y. Oct. 24, 2012). To be sure, there is an exception to the general ban on prejudgment asset restraint where an equitable remedy is sought. *Grupo Mexicano*, 527 U.S. at 325 (citing *Deckert v. Independence Shares Corp.*, 311 U.S. 282, 287-88 (1940) (approving preliminary restraint where rescission and restitution sought)). And Plaintiff does seek an accounting of profits (that is, disgorgement of profits) under 15 U.S.C. § 1117(a). But an accounting of profits is not automatically awarded in lieu of actual damages, *Fuller Products Co. v. Fuller Brush Co.*, 299 F.2d 772, 777 (7th Cir. 1962), and even where equitable relief is sought, the appropriate scope of prejudgment restraint must be limited only to what is reasonably necessary to secure the (future) equitable relief. For example, where (as here) a litigant seeks the equitable remedy of an accounting of profits, then if the amount of the profits is known, then the asset freeze should apply on to that specific amount, and no more. At this very early point in the litigation (indeed, the defendants do not yet even have notice of the suit), it is not known what will comprise the eventual equitable remedy. In other words, the asset-restraint order must be limited *only* to the extent that is needed to secure the equitable remedy; the

scope of the exception (to the general ban on prejudgment restraint) is limited by the scope of the exception's rationale.

In light of that potential limit on the scope of the restraint, the Court remains concerned that relying on an accounting of profits to freeze assets is potentially illusory in that it is much more likely that statutory damages will be pursued and will be the basis for a judgment instead of an accounting of profits; it might be that most defendants will never file appearances in this case, let alone produce sales figures in discovery. But even if statutory damages will be, practically speaking, the more likely remedy, the fact remains that if the defendants were to file appearances and subject themselves to discovery, it is very likely that Plaintiff would win an accounting of profits. Indeed, trademark owners need only "prove defendant's sales only; defendant must prove all elements of costs or deduction claimed." 15 U.S.C. § 1117(a). So if Plaintiff can prove sales numbers either through discovery against the defendants or discovery on third-parties (for example, by serving third-party payment hosting services (such as PayPal) or financial institutions), then an accounting of profits would be appropriate. To the extent that the restraint might be too broad, the defendants may file challenges to the scope of the TRO by submitting evidence that some or all of the money has other sources. The balance of factors tips in favor of Plaintiff being able to freeze the assets of the defendants listed on Schedule A, which is filed under seal in order to allow Plaintiff time to serve financial institutions and payment hosting services with the TRO without advance warning to the defendants, who likely would seek to transfer the money elsewhere. Defendants are free to file appearances and litigate the issue.

This Court also finds that issuing this Order without notice pursuant to Rule 65(b)(1) of the Federal Rules of Civil Procedure is appropriate because Plaintiff has presented specific facts in the declarations supporting the motion, and accompanying evidence clearly showing that immediate and irreparable injury, loss, or damage will result to the movant before the adverse party can be heard in opposition. Specifically, in the absence of an *ex parte* Order, Defendants could and likely would modify registration data and content, change hosts, redirect traffic to other websites in their control, and move any assets from accounts in U.S.-based financial institutions, including PayPal accounts, to offshore accounts. *Id.* As other courts have recognized, proceedings against those who deliberately traffic in counterfeit merchandise are often useless if notice is given to the adverse party.

Accordingly, the TRO is granted. To provide further notice to the defendants as to the directive below, the trademarks that were allegedly infringed (the "Trademarks") are:

Registration Number	**Trademark**	**Good and Services**
1,519,823	OAKLEY	For: Athletic bags in class 18.
1,521,599	OAKLEY	For: Sunglasses and accessories for sunglasses, namely, replacement lenses, ear stems and nose pieces in class 9.
1,522,692	OAKLEY	For: Clothing, namely, shirts and hats

		in class 25.
1,552,583	OAKLEY	For: Goggles in class 9.
2,293,046	OAKLEY	For: Clothing, headwear and footwear and footwear, namely, sport shirts, jerseys, shirts, jackets, vests, sweatshirts, pullovers, coats, ski pants, headwear, caps, shoes, athletic footwear, all purpose sports footwear and socks in class 25.
2,409,789	OAKLEY	For: Jewelry and time pieces, namely, watches in class 14.
3,153,943	OAKLEY	For: Prescription eyewear, namely, sunglasses and spectacles; eyewear containing electronics devices, namely, protective eyewear, eyeglasses, sunglasses and spectacles; electronics, namely portable digital electronic devices for recording, organizing, and reviewing text, data and audio files; computer software for use in recording, organizing, and reviewing text, data and audio files on portable digital electronic devices; transmitters, receivers, speakers and parts thereof for use with cellular, wireless computer and telephone communication systems; communication devices for use on eyewear, namely earpieces, transmitters, receivers, speakers and parts thereof for use with cellular, wireless computer and telephone communication systems; wearable audio visual display, namely, protective eyewear, eyeglasses, sunglasses and spectacles containing an audio visual display; wireless telecommunications modules in class 9.
3,771,517	OAKLEY	For: Retail store services and on-line retail store services featuring eyewear, replacement lenses, eyewear nosepiece kits, clothing, headwear, footwear,

		watches, decals, electronics devices, posters, athletic bags, handbags, backpacks and luggage in class 35.
1,980,039		For: Protective and/or anti-glare eyewear, namely sunglasses, goggles, spectacles and their parts and accessories, namely replacement lenses, earstems, frames, nose pieces and foam strips; cases specially adapted for protective and/or anti-glare eyewear and their parts and accessories in class 9. For: Clothing, headwear and footwear, namely T-shirts, sweatshirts, blouses, sweaters, sport shirts, jerseys, shorts, trousers, pants, sweatpants, ski pants, racing pants, jeans, coats, vests, jackets, swimwear, hats, visors, caps, gloves, belts, socks, sandals and shoes in class 25.
1,356,297		For: Goggles, sunglasses, protective pads for elbows, feet and knees in class 9. For: Clothing - namely t-shirts; gloves; racing pants; hats; sweatshirts; sport shirts, jackets, jeans, jerseys and ski pants, jackets, hats, gloves and socks in class 25.
1,519,596		For: Sunglasses and accessories for sunglasses, namely, replacement lenses, ear stems and nose pieces in class 9.

3,143,623		For: Protective eyewear, namely spectacles prescription eyewear, anti glare glasses and sunglasses and their parts and accessories, namely replacement lenses, frames, earstems, and nose pieces; cases specially adapted for spectacles and sunglasses and their parts and accessories in class 9. For: Clothing, namely, t-shirts, beach-wear, blouses, sports shirts, jerseys, swimwear, swim trunks, shorts, underwear, shirts, pants, racing pants, ski and snowboard pants and jackets, jeans, vests, jackets, wetsuits, sweaters, pullovers, coats, sweatpants, headwear, namely, hats, caps, visors and footwear, namely wetsuit booties, shoes, sandals, athletic footwear, all purpose sports footwear, thongs and boots in class 25.
1,902,660		For: Printed material, namely decals and stickers in class 16.
1,990,262		For: Protective and/or anti-glare eyewear, namely sunglasses, goggles, spectacles and their parts and accessories, namely replacement lenses, earstems, frames, nose pieces and foam strips; cases specially adapted for protective and/or anti-glare eyewear and their parts and accessories in class 9.
3,496,633		For: clothing, namely, t-shirts, beach-wear, blouses, sports shirts, jerseys, swimwear, swimtrunks, shorts, underwear, shirts, pants, racing pants, ski and snowboard pants and jackets, jeans, vests, jackets, wetsuits, sweaters, pullovers, coats, sweatpants, headwear, namely, hats, caps, visors and footwear, namely, wetsuit booties, shoes, sandals, athletic footwear, all

		purpose sports footwear, thongs and boots in class 25.
2,301,660		For: Jewelry and time pieces, namely, watches in class 14.
3,331,124		For: Protective eyewear, namely spectacles prescription eyewear, anti glare glasses and sunglasses and their parts and accessories, namely replacement lenses, frames, earstems, and nose pieces; cases specially adapted for spectacles and sunglasses and their parts and accessories; and protective clothing, namely, racing pants in class 9. For: Clothing, namely, t-shirts, beach-wear, blouses, sports shirts, jerseys, swimwear, swimtrunks, shorts, underwear, shirts, pants, ski and snowboard pants and jackets, jeans, vests, jackets, wetsuits, sweaters, pullovers, coats, sweatpants, headwear, namely, hats, caps, visors and footwear, namely wetsuit booties, shoes, sandals, athletic footwear, all purpose sports footwear, thongs and boots in class 25.
3,151,994		For: Protective eyewear, namely spectacles prescription eyewear, anti glare glasses and sunglasses and their parts and accessories, namely replacement lenses, frames, earstems, and nose pieces; cases specially adapted for spectacles and sunglasses and their parts and accessories in class 9.
3,771,516		For: Retail store services and on-line retail store services featuring eyewear, replacement lenses, eyewear nosepiece

		kits, clothing, headwear, footwear, watches, decals, electronics devices, posters, athletic bags, handbags, backpacks and luggage in class 35.
3,785,868		For: Protective eyewear, namely, spectacles prescription eyewear, anti glare glasses and sunglasses and their parts and accessories, namely, replacement lenses, frames, earstems, and nose pieces; cases specially adapted for spectacles and sunglasses and their parts and accessories in class 9.
2,300,245		For Clothing, namely, T-shirts, beachwear, blouses, sports shirts, jerseys, shorts, shirts, pants, racing pants, ski pants, vests, jackets, sweaters, pullovers, coats, sweatpants, sweatshirts, headwear, namely, hats, caps, and footwear, namely, shoes, athletic footwear, all purpose sports footwear in class 25.
2,207,455		For: luggage, duffle bags, athletic bags, luggage bags with rollers, wrist mounted carryall bags, tote bags, all purpose sports bags, knapsacks and backpacks in class 18.
2,209,416		For: Protective and/or anti-glare eyewear, namely, goggles, and their parts and accessories, namely, cases specially adapted for protective and/or anti-glare eyewear and their parts and accessories in class 9. For: Clothing, headwear and footwear, namely, T-shirts, hats, shorts, shirts, pants, jackets, sweatshirts, shoes, and pullovers in class 25.
1,927,106		For: printed material, namely decals and stickers in class 16.

1,984,501		For: protective and/or anti-glare eyewear, namely sunglasses, goggles, spectacles and their parts and accessories, namely replacement lenses, earstems, frames, nose pieces and foam strips; cases specially adapted for protective and/or anti-glare eyewear and their parts and accessories in class 9. For: Clothing and headwear, namely T-shirts, sweatshirts, jackets, hats, and caps in class 25.
1,904,181		For: Protective and/or anti-glare eyewear, namely sunglasses, goggles and their parts and accessories, namely replacement lenses, earstems, frames, nose pieces and foam strips, cases specially adapted for protective and/or anti-glare eyewear and their parts and accessories in class 9.
3,593,071		For: Traveling bags and backpacks in class 18.
4,407,750	CROSSLINK	For: Eyewear, namely, sunglasses, sports goggles, spectacles and their parts and accessories, namely, replacement lenses, ear stems, frames, nose pieces and foam strips; cases specially adapted for eyewear and their parts and accessories in class 9.
3,733,882	IRIDIUM	For: Protective eyewear, namely, spectacles prescription eyewear, anti glare glasses and sunglasses and their parts and accessories, namely, replacement lenses, frames, earstems, and nose pieces; cases specially adapted for spectacles and sunglasses and their parts and accessories in class 9.

4,827,569	JAWBREAKER	For: Eyewear, namely, sunglasses, goggles, spectacles and their parts and accessories, namely, replacement lenses, ear stems, frames, nose pieces and foam strips; cases specifically adapted for eyewear and their parts and accessories in class 9.
4,407,749	RADARLOCK	For: Eyewear, namely, sunglasses, sports goggles, spectacles and their parts and accessories, namely, replacement lenses, ear stems, frames, nose pieces and foam strips; cases specially adapted for eyewear and their parts and accessories in class 9.
3,489,952	OIL RIG	For: Protective eyewear, namely, spectacles, prescription eyewear, anti glare glasses and sunglasses and their parts and accessories, namely, replacement lenses, frames, earstems, and nose pieces; cases specially adapted for spectacles and sunglasses and their parts and accessories in class 9.
4,194,197	FROGSKINS	For: Eyewear, namely sunglasses and accessories for sunglasses, namely, replacement lenses, ear stems and nose pieces in class 9.

Accordingly, this Court orders that:

1. Defendants, their officers, agents, servants, employees, attorneys, and other persons acting in active concert or participation with them be temporarily enjoined and restrained from:

   a. using Plaintiff's Trademarks or any reproductions, counterfeit copies or colorable imitations thereof in any manner in connection with the distribution, marketing, advertising, offering for sale, or sale of any product that is not a genuine Plaintiff's Product or not authorized by Plaintiff to be sold in connection with Plaintiff's Trademarks;

b. passing off, inducing, or enabling others to sell or pass off any product as a genuine Plaintiff's Product or any other product produced by Plaintiff, that is not Plaintiff's or not produced under the authorization, control or supervision of Plaintiff and approved by Plaintiff for sale under Plaintiff's Trademarks;

c. committing any acts calculated to cause consumers to believe that Defendants' products are those sold under the authorization, control or supervision of Plaintiff, or are sponsored by, approved by, or otherwise connected with Plaintiff;

d. further infringing Plaintiff's Trademarks and damaging Plaintiff's goodwill;

e. otherwise competing unfairly with Plaintiff in any manner; and

f. manufacturing, shipping, delivering, holding for sale, transferring or otherwise moving, storing, distributing, returning, or otherwise disposing of, in any manner, products or inventory not manufactured by or for Plaintiff, nor authorized by Plaintiff to be sold or offered for sale, and which bear any of Plaintiff's trademarks, including the Plaintiff's Trademarks, or any reproductions, counterfeit copies or colorable imitations thereof.

2. The domain name registries for the Defendant Domain Names, including, but not limited to, VeriSign, Inc., Neustar, Inc., Afilias Limited, CentralNic, Nominet, and the Public Interest Registry, within three (3) business days of receipt of this Order or prior to expiration of this Order, whichever date shall occur first, shall, at Plaintiff's choosing:

   a. unlock and change the registrar of record for the Defendant Domain Names to a registrar of Plaintiff's selection until further ordered by this Court; or

   b. disable the Defendant Domain Names and make them inactive and untransferable until further ordered by this Court.

3. The domain name registrars, including, but not limited to, GoDaddy Operating Company LLC ("GoDaddy"), Name.com, PDR LTD. d/b/a/ PublicDomainRegistry.com ("PDR"), and Namecheap Inc. ("Namecheap"), within three (3) business days of receipt of this Order or prior to expiration of this Order, whichever date shall occur first, shall take any steps necessary to transfer the Defendant Domain Names to a registrar account of Plaintiff's selection so that the Defendant Domain Names can be redirected or disabled until further ordered by this Court.

4. Defendants and any third party with actual notice of this Order who is providing services for any of the Defendants, or in connection with any of Defendants' websites at the Defendant Domain Names or other websites operated by Defendants, including, without limitation, any online

marketplace platforms such as iOffer, eBay, AliExpress, and Alibaba, web hosts, sponsored search engine or ad-word providers, credit cards, banks, merchant account providers, third party processors and other payment processing service providers, Internet search engines such as Google, Bing, and Yahoo, and domain name registrars, including, but not limited to, GoDaddy, Name.com, PDR, and Namecheap, (collectively, the "Third Party Providers") shall, within five (5) business days after receipt of such notice, provide to Plaintiff expedited discovery, including copies of all documents and records in such person's or entity's possession or control relating to:

a. the identities and locations of Defendants, their agents, servants, employees, confederates, attorneys, and any persons acting in concert or participation with them, including all known contact information, including any and all associated e-mail addresses;

b. the nature of Defendants' operations and all associated sales, methods of payment for services and financial information, including, without limitation, identifying information associated with the Online Marketplace Accounts, the Defendant Domain Names, and Defendants' financial accounts, as well as providing a full accounting of Defendants' sales and listing history related to their respective Online Marketplace Accounts and Defendant Domain Names;

c. Defendants' websites and/or any Online Marketplace Accounts;

d. the Defendant Domain Names or any domain name registered by Defendants; and

e. any financial accounts owned or controlled by Defendants, including their agents, servants, employees, confederates, attorneys, and any persons acting in concert or participation with them, including such accounts residing with or under the control of any banks, savings and loan associations, payment processors or other financial institutions, including, without limitation, PayPal, or other merchant account providers, payment providers, third party processors, and credit card associations (e.g., MasterCard and VISA).

5. Upon Plaintiff's request, those in privity with Defendants and those with notice of the injunction, including the Third Party Providers as defined in Paragraph 4, shall:

a. disable and cease providing services being used by Defendants, currently or in the future, to engage in the sale of goods using the Plaintiff's Trademarks;

b. disable and cease displaying any advertisements used by or associated with Defendants in connection with the sale of counterfeit and infringing goods using the Plaintiff's Trademarks; and

c. take all steps necessary to prevent links to the Defendant Domain Names identified on Schedule A from displaying in search results, including, but not limited to, removing links to the Defendant Domain Names from any search index.

6. Defendants and any persons in active concert or participation with them who have actual notice of this Order shall be temporarily restrained and enjoined from transferring or disposing of any money or other of Defendants' assets until further ordered by this Court.

7. PayPal, Inc. ("PayPal") shall, within two (2) business days of receipt of this Order, for any Defendant or any of Defendants' Online Marketplace Accounts or websites:

   a. locate all accounts and funds connected to Defendants, Defendants' Online Marketplace Accounts or Defendants' websites, including, but not limited to, any PayPal accounts connected to the information listed in Schedule A hereto, the e-mail addresses identified in Exhibits 5 and 6 to the Declaration of Erin Lewis, and any e-mail addresses provided for Defendants by third parties; and

   b. restrain and enjoin any such accounts or funds that are China or Hong Kong based from transferring or disposing of any money or other of Defendants' assets until further ordered by this Court.

8. Plaintiff may provide notice of these proceedings to Defendants, including notice of the preliminary injunction hearing and service of process pursuant to Fed. R. Civ. P. 4(f)(3), by electronically publishing a link to the Second Amended Complaint, this Order and other relevant documents on a website

to which the Defendant Domain Names which are transferred to Plaintiff's control will redirect, or by sending an e-mail to the e-mail addresses identified in Exhibits 5 and 6 to the Declaration of Erin Lewis and any e-mail addresses provided for Defendants by third parties that includes a link to said website. The Clerk of the Court is directed to issue a single original summons in the name of "Ji Shupeng and all other Defendants identified in the Second Amended Complaint" that shall apply to all Defendants. The combination of providing notice via electronic publication or e-mail, along with any notice that Defendants receive from domain name registrars and payment processors, shall constitute notice reasonably calculated under all circumstances to apprise Defendants of the pendency of the action and afford them the opportunity to present their objections.

9. Plaintiff's Amended Complaint [11] and Exhibits 1 and 2 thereto [11-1, 11-2], Second Amended Complaint [47] and Exhibit 1 thereto [47-1], Schedule A to the Complaint [10], the Amended Complaint [1-3], and the Second Amended Complaint [47-2], Exhibits 5 and 6 to the Declaration of Erin Lewis [16 through 19], and this Order shall remain sealed until further ordered by this Court.

10. Plaintiff shall deposit with the Court ten thousand dollars ($10,000.00), either cash or surety bond, as security, which amount was determined adequate for the payment of such damages as any person may be entitled to recover as a result of a wrongful restraint hereunder.

11. Any Defendants that are subject to this Order may appear and move to dissolve or modify the Order on two days' notice to Plaintiff or on shorter notice as set by this Court.

12. This Temporary Restraining Order without notice is entered at 3:30 p.m. on November 21, 2016, and shall remain in effect until the end of December 5, 2016. The case is set for status hearing on December 5, 2016, at 9:30 a.m., and Plaintiff may notice a TRO extension motion for that date and time if needed.

ENTERED:

s/Edmond E. Chang
Honorable Edmond E. Chang
United States District Court Judge

DATE: November 21, 2016